

FISCAL NOTE

HB 653 - SB 640

February 24, 2005

SUMMARY OF BILL: Requires direct allocation of state-shared taxes earmarked to certain municipalities (City of Memphis) rather than indirectly through the county trustee (Shelby County).

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Not Significant

Increase Local Govt. Expenditures – Net Impact - Not Significant


Other Fiscal Impact – The extent of the state-shared allocation to Shelby County, and the resulting 1% rate of commission that Shelby County currently collects on this allocation, determines the amount that will be shifted from Shelby County to the City of Memphis. In FY04, Shelby County's commission was approximately \$2.5 million.

Assumptions:

- 60% of the FY06 allocation is made directly to the municipality (City of Memphis).
- 100% of the FY07 allocation, and each subsequent allocation, is made directly to the municipality (City of Memphis).
- Applies only to state-shared sales taxes.
- Currently, the Shelby County trustee collects a 1% commission from the share earmarked for the City of Memphis before distributing that portion to the City of Memphis. In FY04, that commission was approximately \$2.5 million.
- This bill is expected to have a fiscal impact on state and local government expenditures that is not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director